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Attorneys for Debtors
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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

	-----X	
	:	
In re	:	Chapter 11 Case No.
	:	
LEHMAN BROTHERS HOLDINGS INC., <i>et al.</i> ,	:	08-13555 (JMP)
	:	
Debtors.	:	(Jointly Administered)
	:	
	-----X	

**STIPULATION, AGREEMENT AND ORDER
BETWEEN LEHMAN COMMERCIAL PAPER INC.
AND CERTAIN SUNCAL VOLUNTARY DEBTOR
ENTITIES GRANTING LIMITED RELIEF FROM THE AUTOMATIC STAY**

Lehman Commercial Paper Inc. ("LCPI") and the Subject Voluntary Debtors¹ (the "Subject Voluntary Debtors" together with LCPI, the "Parties"), by and through their respective counsel, hereby enter into this Stipulation, Agreement and Order and represent and agree as follows:

RECITALS

A. On September 15, 2008 and periodically thereafter (the "Commencement Date"), Lehman Brothers Holdings Inc. and certain of its subsidiaries (collectively, the "Debtors") commenced with this Court voluntary cases under chapter 11 of title 11 of the United States

¹ The "Subject Voluntary Debtors" are Palmdale Hills Property, LLC, Acton Estates, LLC, SunCal Beaumont Heights, LLC, SunCal Bickford Ranch LLC, North Orange Del Rio Land, LLC, SunCal Emerald Meadows, LLC, SunCal Johansson Ranch, LLC, SunCal Summit Valley, LLC, Tesoro SF, LLC and SCC Communities, LLC.

Code (“Bankruptcy Code”). The Debtors are authorized to continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

B. The Subject Voluntary Debtors are currently debtors whose chapter 11 cases (the “California Bankruptcy Cases”) are pending in the United States Bankruptcy Court for the Central District of California (the “California Bankruptcy Court”).

C. The Parties have negotiated and filed a stipulation with the California Bankruptcy Court (a copy of which is annexed hereto as Exhibit “1”) (the “California Stipulation”). The Parties request the Court modify the automatic stay, to the extent it applies.

D. The Parties hereto have agreed to the terms set forth below.

NOW, THEREFORE, UPON THE FOREGOING RECITALS, WHICH ARE INCORPORATED AS THOUGH FULLY SET FORTH HEREIN, IT IS HEREBY STIPULATED AND AGREED, BY AND BETWEEN THE PARTIES, THROUGH THEIR UNDERSIGNED COUNSEL, AND UPON COURT APPROVAL HEREOF, IT SHALL BE ORDERED THAT:

1. This Stipulation, Agreement and Order is hereby approved without necessity or requirement of further proceedings or Court approval.

2. The automatic stay pursuant to section 362 of the Bankruptcy Code is hereby modified solely to permit LCPI to enter into the California Stipulation and undertake any actions contemplated to be taken by LCPI in connection therewith; *provided that*, nothing in this Stipulation, Agreement and Order shall require any party hereto to enter into the California Stipulation.

3. Except as provided in paragraph 2, and to the extent the automatic stay applies,

the provisions of section 362(a) of the Bankruptcy Code, including, without limitation, those provisions prohibiting any act to collect, assess, or recover a claim that arose prior to the Commencement Date from LCPI's estate and/or assets or property of LCPI (as defined in section 541 of the Bankruptcy Code) shall remain in full force and effect.

4. Notwithstanding anything to the contrary herein, this Stipulation, Agreement and Order is without prejudice to, and does not constitute a waiver of, expressly or implicitly, any rights, claims or privileges (whether legal, equitable or otherwise) of the Parties with respect to any issues that are not expressly addressed herein. Specifically, and for the avoidance of doubt, the Parties reserve all rights in connection with the Alleged Unencumbered Cash (as defined in the California Stipulation) and all aspects of pending litigation among the Parties, including, without limitation, any matters involving equitable subordination or substantive consolidation.

5. This Stipulation, Agreement and Order is solely for the benefit of the Parties and not for any other person or entity, and no such other person or entity shall be entitled to the benefit of (or be entitled to rely upon) this Stipulation, Agreement and Order.

6. Each person who executes this Stipulation, Agreement and Order on behalf of a Party represents that he or she is duly authorized to execute this Stipulation, Agreement and Order on behalf of such Party.

7. This Stipulation, Agreement and Order may be executed in multiple counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

8. This Stipulation, Agreement and Order can only be amended or otherwise modified by a signed writing executed by the parties hereto.

9. This Stipulation, Agreement and Order shall be effective immediately upon its

entry and shall not be stayed pursuant to Federal Rule of Bankruptcy Procedure 4001(a)(3).

10. The Court shall retain jurisdiction to resolve any disputes or controversies arising from this Stipulation, Agreement and Order.

Dated: November 9, 2010

WEIL, GOTSHAL & MANGES LLP

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Attorneys for the Subject Voluntary Debtors

SO ORDERED this 22nd day of November, 2010

s/ James M. Peck

HONORABLE JAMES M. PECK
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT “1”

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General Insolvency Counsel for Voluntary Debtors and Debtors
in Possession

**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
SANTA ANA DIVISION**

In re:
Palmdale Hills Property, LLC, and Its Related Debtors,
Jointly Administered Debtors and
Debtors-In-Possession.

Affects:

- ☐ All Debtors
- ☒ Palmdale Hills Property, LLC
- ☒ SunCal Beaumont Heights, LLC
- ☐ SCC/Palmdale, LLC
- ☒ SunCal Johansson Ranch, LLC
- ☒ SunCal Summit Valley, LLC
- ☒ SunCal Emerald Meadows, LLC
- ☒ SunCal Bickford Ranch, LLC
- ☒ Acton Estates, LLC
- ☐ Seven Brothers, LLC
- ☐ SJD Partners, Ltd.
- ☐ SJD Development Corp.
- ☐ Kirby Estates, LLC
- ☐ SunCal Communities I, LLC
- ☐ SunCal Communities III, LLC
- ☒ SCC Communities, LLC
- ☒ North Orange Del Rio Land, LLC

Case No.: 8:08-bk-17206-ES

Jointly Administered With Case Nos.

8:08-bk-17209-ES; 8:08-bk-17240-ES;
8:08-bk-17224-ES; 8:08-bk-17242-ES;
8:08-bk-17225-ES; 8:08-bk-17245-ES;
8:08-bk-17227-ES; 8:08-bk-17246-ES;
8:08-bk-17230-ES; 8:08-bk-17231-ES;
8:08-bk-17236-ES; 8:08-bk-17248-ES;
8:08-bk-17249-ES; 8:08-bk-17573-ES;
8:08-bk-17574-ES; 8:08-bk-17575-ES;
8:08-bk-17404-ES; 8:08-bk-17407-ES;
8:08-bk-17408-ES; 8:08-bk-17409-ES;
8:08-bk-17458-ES; 8:08-bk-17465-ES;
8:08-bk-17470-ES; 8:08-bk-17472-ES;
and 8:08-bk-17588-ES

Chapter 11

**STIPULATION PURSUANT TO
11 U.S.C. §§ 362, 363, 364, AND 507:
(1) AUTHORIZING THE USE OF
ALLEGED UNENCUMBERED CASH;
(2) GRANTING ADMINISTRATIVE**

- ☒ Tesoro SF, LLC
☐ LB-L-SunCal Oak Valley, LLC
☐ SunCal Heartland, LLC
☐ LB-L-SunCal Northlake, LLC
☐ SunCal Marblehead, LLC
☐ SunCal Century City, LLC
☐ SunCal PSV, LLC
☐ Delta Coves Venture, LLC
☐ SunCal Torrance, LLC
☐ SunCal Oak Knoll, LLC

**EXPENSE CLAIMS; AND
(3) MODIFYING AUTOMATIC STAY
TO THE EXTENT NECESSARY**

Hearing Date:

Date: November 30, 2010

Time: 10:30 A.M.

Place: Courtroom 5A

This stipulation (the "Stipulation") is made by and between Lehman ALI, Inc. ("Lehman ALI"), Lehman Commercial Paper Inc. ("LCPI"), Northlake Holdings LLC ("Northlake Holdings"), OVC Holdings LLC ("OVC Holdings" and, collectively with Lehman ALI, LCPI and Northlake Holdings, the "Lehman Entities"),¹ on the one hand, and certain of the above-captioned debtors and debtors in possession affected by this Stipulation (the "Subject Voluntary Debtors"),² on the other hand. The Lehman Entities and the Subject Voluntary Debtors (together, the "Parties") hereby enter into this Stipulation and agree as follows:

RECITALS

WHEREAS, on November 6, 7, and 19, 2008, the Voluntary Debtors³ filed their respective voluntary petitions under title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Central District of California (the "Court"). The Voluntary Debtors continue to manage their affairs and property as debtors in possession pursuant to sections 1107 and 1008 of the Bankruptcy Code.

¹ The Lehman Entities shall refer to the Lehman Entities on behalf of themselves, both individually and collectively, as purported lenders, and as purported agents for all lenders under the applicable loan documents, including, without limitation, as purported agents for Fenway Capital, LLC. Notwithstanding anything to the contrary contained herein, the Lehman Entities do not concede that they are "purported" lenders or agents as to the loan(s) or any particular loan, and reserve all of their rights in connection therewith.

² The Subject Voluntary Debtors are: Palmdale Hills Property, LLC; Acton Estates, LLC; SunCal Beaumont Heights, LLC; SunCal Bickford Ranch LLC; North Orange Del Rio Land, LLC; SunCal Emerald Meadows, LLC; SunCal Johannson Ranch, LLC; SunCal Summit Valley, LLC; Tesoro SF, LLC; and SCC Communities, LLC.

³ The Voluntary Debtors in these cases consist of: Palmdale Hills Property, LLC (Main Case) (Case No. 8:08-17206-ES); Acton Estates, LLC (Case No. 8:08-17236-ES); Kirby Estates, LLC (Case No. 8:08-17246-ES); North Orange Del Rio Land, LLC (Case No. 8:08-17574-ES); SCC Communities, LLC (Case No. 8:08-17573-ES); SCC/Palmdale, LLC (Case No. 8:08-17224-ES); Seven Brothers, LLC (Case No. 8:08-17240-ES); SJD Development Corp. (Case No. 8:08-17245-ES); SJD Partners, Ltd. (Case No. 8:08-17242-ES); SunCal Beaumont Heights, LLC (Case No. 8:08-17209-ES); SunCal Bickford Ranch, LLC (Case No. 8:08-17231-ES); SunCal Communities I, LLC (Case No. 8:08-17248-ES); SunCal Communities III, LLC (Case No. 8:08-17249-ES); SunCal Emerald Meadows, LLC (Case No. 8:08-17230-ES); SunCal Johannson Ranch, LLC (Case No. 8:08-17225-ES); SunCal Summit Valley, LLC (Case No. 8:08-17227-ES); and Tesoro SF, LLC (Case No. 8:08-17575-ES).

1 WHEREAS, on November 12, 14 and 19, 2008, involuntary petitions were filed against the
2 Trustee Debtors.⁴

3 WHEREAS, on or about January 8, 2009, the Court entered orders for relief in the Trustee
4 Debtors' cases.

5 WHEREAS, on or about January 15, 2009, the Court entered orders granting the appointment
6 of a chapter 11 trustee in each of the Trustee Debtors' cases. Thereafter, the Office of the United
7 States Trustee appointed Steven M. Speier as the Chapter 11 Trustee (the "Trustee") for the Trustee
8 Debtors.

9 WHEREAS, the Lehman Entities are authorized to enter into this Stipulation on behalf of
10 themselves, as lenders, and as agents for all lenders under the applicable loan documents.

11 WHEREAS, LCPI is a debtor and debtor in possession in the jointly administered cases
12 captioned In re Lehman Brothers Holdings Inc., Case No. 08-13555 (JMP), pending in the United
13 States Bankruptcy Court for the Southern District of New York (the "New York Bankruptcy
14 Court").

15 WHEREAS, the Lehman Entities assert secured claims against the Debtors that approximate
16 \$2.3 billion, and include within the scope of the pledged collateral certain real and personal property
17 owned by the Subject Voluntary Debtors.

18 WHEREAS, certain of the Voluntary Debtors maintain bank accounts containing cash or
19 cash equivalents, which the Lehman Entities assert are subject to perfected liens and therefore
20 constitute the Lehman Entities' "cash collateral" under section 363 of the Bankruptcy Code. The
21 Subject Voluntary Debtors dispute such contention, and assert that such cash and cash equivalents
22 are not subject to perfected liens of the Lehman Entities and therefore do not constitute "cash
23 collateral" under section 363 of the Bankruptcy Code. The cash and cash equivalents held by the
24 Subject Voluntary Debtors shall be referred to herein as the "Alleged Unencumbered Cash" and
25

26 ⁴ The Trustee Debtors in these cases consist of: SunCal Heartland, LLC (Case No. 8:08-17407-ES); LB-L-SunCal
27 Northlake, LLC (Case No. 8:08-17408-ES); SunCal Marblehead, LLC (Case No. 8:08-17409-ES); SunCal Century
28 City, LLC (Case No. 8:08-17458-ES); SunCal PSV, LLC (Case No. 8:08-17465-ES); Delta Coves Venture, LLC (Case
No. 8:08-17470-ES); SunCal Torrance, LLC (Case No. 8:08-17472-ES); LB-L SunCal Oak Valley, LLC (Case No.
8:08-17404-ES); and SunCal Oak Knoll, LLC (Case No. 8:08-17588-ES). The Voluntary Debtors and the Trustee
Debtors shall be referred to herein as the "Debtors."

1 shall include, but are not limited to, the cash and cash equivalents held in the accounts maintained by
2 the Subject Voluntary Debtors set forth in **Exhibit A** attached hereto.

3 WHEREAS, on April 2, 2009, Lehman ALI, certain of the Voluntary Debtors, and the
4 Trustee for the Trustee Debtors, by and through their counsel, entered into that certain *Stipulation*
5 *with Lehman ALI, Inc. Pursuant to 11 U.S.C. §§ 362, 363, 364, and 507: (1) Approving Senior*
6 *Secured Superpriority Postpetition Financing; (2) Granting Liens and Providing Superpriority*
7 *Administrative Expense Status; and (3) Modifying Automatic Stay to the Extent Necessary* (the
8 “April 2009 DIP Stipulation”) affecting certain of the Voluntary Debtors and certain of the Trustee
9 Debtors as set forth specifically therein (the “April 2009 Borrowers”). The April 2009 DIP
10 Stipulation was approved by the Court by the entry of an order on April 17, 2009 (the “April 2009
11 DIP Order”).

12 WHEREAS, pursuant to the April 2009 DIP Stipulation, among other things, the April 2009
13 Borrowers were authorized to borrow from Lehman ALI, and Lehman ALI was authorized to make
14 available to each April 2009 Borrower, individual loans (collectively, the “April 2009 DIP Loans”)
15 in an aggregate amount equal to \$1,790,572.00. The Subject Voluntary Debtors have fully repaid to
16 Lehman ALI the principal amount of April 2009 DIP Loans made to them in the amount of
17 \$270,731.00.

18 NOW THEREFORE, in consideration of the mutual covenants contained herein, and other
19 good and valuable consideration (the receipt and sufficiency of which are acknowledged), it is
20 hereby stipulated and agreed by and among the Parties as follows:

21 **AGREEMENT**

22 1. Court Approval. The Stipulation is subject to approval of the Court, and LCPI’s
23 entry into the Stipulation is subject to approval by the New York Bankruptcy Court, and the
24 Stipulation shall have no force and effect until the date that both such approvals have been
25 obtained (the “Approval Date”). Immediately upon the Approval Date (notwithstanding any
26 applicable law or rule to the contrary), the terms and provisions of this Stipulation shall become
27 valid and binding upon and inure to the benefit of the Lehman Entities, the Subject Voluntary
28 Debtors, all other creditors of the Subject Voluntary Debtors, any committees appointed in these

1 cases, and all other parties in interest and their respective successors and assigns, including any
2 trustee or other fiduciary hereafter appointed in any of the cases or upon dismissal of any of the
3 above-captioned cases (the "Cases").

4 2. The Subject Voluntary Debtors' Use of the Alleged Unencumbered Cash. The
5 Lehman Entities consent to the use by each Subject Voluntary Debtor of the Alleged Unencumbered
6 Cash held by each such Subject Voluntary Debtor solely for the purpose of paying: (a) the costs and
7 expenses attributable to each such Subject Voluntary Debtor in the total aggregate amount not to
8 exceed \$362,848.00 as set forth in the budgets attached hereto as **Exhibit B** (the "Budgets," as such
9 Budgets may be revised or amended with the written consent of the Lehman Entities, which consent
10 may be granted or withheld in the Lehman Entities' sole and absolute discretion) in an aggregate
11 amount not to exceed the total amount of the Budgets as set forth in **Exhibit B**, except that each
12 Subject Voluntary Debtor may expend funds for any particular line items allocable to such Subject
13 Voluntary Debtor as set forth in the Budgets (the "Budget Items") in excess of the respective
14 amounts provided for such Budget Items for a particular Subject Voluntary Debtor, so long as such
15 excess amount is equal to or less than 5% of the amount allocated to that particular Subject
16 Voluntary Debtor for a particular Budget Item and provided that the aggregate amount for all such
17 Budget Items for a particular Subject Voluntary Debtor is not increased; and (b) the reasonable fees
18 and expenses incurred by professionals retained in the Voluntary Debtors' cases, including the law
19 firm of Miller Barondess, LLP (the "Miller Firm"). In addition, LCPI consents to and Palmdale
20 Hills Property, LLC ("Palmdale Hills") is authorized to make, from Alleged Unencumbered Cash
21 held by Palmdale Hills, individual loans: (a) to each of the other Subject Voluntary Debtors solely
22 for the purpose of paying (i) the costs and expenses attributable to each such Subject Voluntary
23 Debtor as set forth in the Budgets attached hereto as **Exhibit B** and (ii) the reasonable fees and
24 expenses incurred by professionals retained in the Voluntary Debtors' cases, including the Miller
25 Firm; and (b) by separate Court approval, to the Trustee Debtors for the purpose of paying the
26 reasonable fees and expenses incurred by professionals retained in the Trustee Debtors' cases,
27 including the Miller Firm; provided, however, that: (a) Palmdale Hills is permitted to make
28 individual loans from Alleged Unencumbered Cash held by Palmdale Hills only to Subject

Voluntary Debtors or Trustee Debtors that have used, and accordingly no longer hold, any Alleged Unencumbered Cash; and (b) the use of any Alleged Unencumbered Cash for payments to the Miller Firm shall be subject to the terms and conditions set forth in any orders entered by the Court approving any application for authority to employ Miller Barondess as special litigation counsel. The aggregate amount of any Alleged Unencumbered Cash used in accordance with this paragraph 2 shall be referred to herein as the “Alleged Unencumbered Cash Funding Amount.” The Subject Voluntary Debtors shall maintain appropriate documentation related to the expenditure of any and all of the Alleged Unencumbered Cash Funding Amount. The Subject Voluntary Debtors shall provide to the Lehman Entities, upon their reasonable request, a breakdown of the Alleged Unencumbered Cash Funding Amount spent as of the date of the request and provide all documentation relating to such actual amounts spent. For the avoidance of doubt, the Budget Items for each Subject Voluntary Debtor shall not be modified, the Subject Voluntary Debtors shall not expend any of the Alleged Unencumbered Cash Funding Amount for any particular Budget Items in excess of the respective amounts provided for such Budget Items in the Budgets (plus 5%), and the Alleged Unencumbered Cash held by each such Subject Voluntary Debtor shall not be used for any other purpose, or by any other Subject Voluntary Debtor for costs and expenses allocable to any such other Subject Voluntary Debtor, without (i) the prior written consent of the Lehman Entities, which consent may be granted or withheld in the Lehman Entities’ sole and absolute discretion, or (ii) further order of the Court.

3. Termination Date. The authority provided hereunder to use the Alleged Unencumbered Cash Funding Amount shall terminate on the one hundred and twentieth day (120th) day after the Approval Date (the “Termination Date”), and no further use of the Alleged Unencumbered Cash Funding Amount shall be made after thirty (30) days following the Termination Date without either the prior written consent of the Lehman Entities, which consent may be granted or withheld in the Lehman Entities’ sole and absolute discretion, or further order of the Court, provided however, that the Termination Date shall apply only with respect to the Budgets and not with respect to the payment of professional fees.

4. Repayment of the Alleged Unencumbered Cash Funding Amount as Administrative

Expense Claims Under Certain Circumstances. In the event the Parties agree or the Court finds that all or portion(s) of the Alleged Unencumbered Cash are subject to perfected liens of the Lehman Entities, then such portions of the Alleged Unencumbered Cash Funding Amount subject to the perfected liens shall constitute an allowed administrative expense claim under the Bankruptcy Code that shall be due and payable to the applicable Lehman Entities by a plan proponent in full, in cash, without notice or demand, upon the effective date of any confirmed plan of reorganization or liquidation in the Cases. In the event the Parties agree or the Court finds that all or portion(s) of the Alleged Unencumbered Cash are not subject to perfected liens held by any of the Lehman Entities, then such portions of the Alleged Unencumbered Cash Funding Amount not subject to any perfected lien shall not be repayable in such circumstances wherein a Subject Voluntary Debtor used its own Alleged Unencumbered Cash to pay the expenses of its own estate, or that such payments were authorized to be made pursuant to the entered orders of the Court authorizing joint administration of the Debtors (the “Joint Administration Orders”). Notwithstanding anything to the contrary contained herein, the Lehman Entities reserve their rights to assert that the Joint Administration Orders did not excuse the Subject Voluntary Debtors from repaying the amounts of professional fees paid by other Subject Voluntary Debtors. In the event that the Parties agree or the Court finds that all or portion(s) of the Alleged Unencumbered Cash are not encumbered by a perfected lien of the Lehman Entities but such portions were used for the benefit of another Subject Voluntary Debtor, then such portion(s) shall constitute an administrative expense obligation of the Subject Voluntary Debtor for whose benefit such portion of the Alleged Unencumbered Cash was used, and shall be repaid in accordance with section 1129(a)(9) of the Bankruptcy Code to the Subject Voluntary Debtor that owned such portion of the Alleged Unencumbered Cash. The Parties reserve all rights in connection with the Alleged Unencumbered Cash, including, without limitation, their rights with respect to whether such cash is encumbered or unencumbered by perfected liens held by any of the Lehman Entities. The administrative expense claims provided for in this paragraph 4 shall be referred to herein as the “Alleged Unencumbered Cash Administrative Expense Claims.”

5. Repayment Of Accrued and Unpaid Interest on April 2009 DIP Loan Amounts.

Upon the occurrence of the Approval Date, each applicable Subject Voluntary Debtor shall repay to

1 Lehman ALI, from the Alleged Unencumbered Cash held by each such Subject Voluntary Debtor,
2 only to the extent of the lesser of the accrued and unpaid interest on the amount that such Subject
3 Voluntary Debtor borrowed under the April 2009 DIP Order and the amount of such Subject
4 Voluntary Debtor's Alleged Unencumbered Cash, the full amount of accrued and unpaid interest on
5 the April 2009 DIP Loans made to each such Voluntary Debtor. To the extent the accrued and
6 unpaid interest on an April 2009 DIP Loan made to a particular Subject Voluntary Debtor exceeds
7 the amount of Alleged Unencumbered Cash held by such Subject Voluntary Debtor, Palmdale Hills
8 shall make an individual loan to such Subject Voluntary Debtor from Alleged Unencumbered Cash
9 held by Palmdale Hills for the purpose of permitting the repayment of such Subject Voluntary
10 Debtor's April 2009 DIP Loan by such Subject Voluntary Debtor to Lehman ALI. All funds lent by
11 Palmdale Hills from its Alleged Unencumbered Cash to any Voluntary Debtor(s) for the purpose set
12 forth in this paragraph shall constitute Alleged Unencumbered Cash Administrative Expense Claims
13 and shall be repaid in accordance with paragraph 4 herein. Any lien or encumbrance arising by
14 reason of the April 2009 DIP Loans shall be deemed released and of no further force or effect as to
15 each Subject Voluntary Debtor that has fully repaid the accrued and unpaid interest on such
16 amounts.

17 6. Modification of Automatic Stay. The automatic stay imposed under section 362(a) of
18 the Bankruptcy Code is modified as necessary to effectuate all of the terms and provisions of this
19 Stipulation, including, without limitation: (a) to permit the Subject Voluntary Debtors to incur all
20 liabilities and obligations in connection with their use of the Alleged Unencumbered Cash Funding
21 Amount; (b) authorize the repayment of the Alleged Unencumbered Cash Administrative Expense
22 Claims and Insurance Administrative Expense Claims; and (c) enable the enforcement, protection
23 and preservation of all of the Lehman Entities' rights and remedies with respect thereto or otherwise
24 under this Stipulation.

25 7. Events of Default. The following occurrences shall constitute an "Event of Default"
26 under this Stipulation as to the particular defaulting Subject Voluntary Debtor: (a) failure of the
27 Subject Voluntary Debtor to comply with any term of this Stipulation; or (b) the use of Alleged
28 Unencumbered Cash other than in strict compliance with the terms of this Stipulation; or (c) the

1 failure to repay the Alleged Unencumbered Cash Administrative Expense Claims or Insurance
2 Amounts pursuant to and in accordance with the terms of this Stipulation.

3 8. Remedies. Immediately upon the occurrence and during the continuation of an Event
4 of Default set forth in paragraph 7 by a particular Subject Voluntary Debtor, and without further
5 order of the Court, the applicable defaulting Subject Voluntary Debtor shall, at the direction of the
6 Lehman Entities, cease using the Alleged Unencumbered Cash.

7 9. Reservation of Rights. Notwithstanding anything to the contrary herein, this
8 Stipulation is without prejudice to, and does not constitute a waiver of, expressly or implicitly, any
9 rights, claims or privileges (whether legal, equitable or otherwise) of the Parties with respect to any
10 issues that are not expressly addressed herein. Specifically, and without limitation, (a) the Parties
11 reserve all rights in connection with the Alleged Unencumbered Cash, including without limitation
12 whether such cash is encumbered by perfected liens held by the Lehman Entities, and all aspects of
13 pending litigation among the Parties, including, without limitation, any matters involving equitable
14 subordination or substantive consolidation, (b) the Parties further agree that entry into this
15 Stipulation, and the use of Alleged Unencumbered Cash or the consent to the Alleged
16 Unencumbered Cash Administrative Expense Claims contemplated hereunder, shall not be used in
17 any manner in litigation amongst the Parties, whether as, for instance, a basis for or against
18 substantive consolidation or otherwise, and in no way shall have any effect on the adversary
19 proceeding captioned *Palmdale Hills Property, LLC, et al., v. Lehman ALI, Inc., et al.*, Adv. Pro.
20 No. 09-1005-ES, pending in the Court, or otherwise, and (c) the rights, obligations, waivers,
21 stipulations, agreements or defenses of the Parties among or between or to each other or any of them
22 shall not be affected hereby except to the extent provided herein.

23 10. No Modification. Absent the written consent of the Lehman Entities and the Subject
24 Voluntary Debtors or further order of the Court, the Lehman Entities and the Subject Voluntary
25 Debtors agree that this Stipulation shall not be modified.

26 11. Jurisdiction. The Court shall retain jurisdiction to resolve any disputes or
27 controversies arising from or related to this Stipulation.

28 12. Further Cooperation. The Parties agree to and will cooperate fully with each other in

1 the performance of this Stipulation, and will execute such additional agreements, documents or other
2 instruments as may reasonably be required to carry out the intent of this Stipulation.

3 13. Signatures. This Stipulation may be signed in any number of counterparts (and by
4 each Party hereto on different counterparts), each of which constitutes an original, but all such
5 counterparts when taken together shall constitute one and the same agreement. This Stipulation may
6 be executed by facsimile signature and delivered by facsimile transmission with the same effect as
7 delivery of a manually executed counterpart of this Stipulation.

8 14. No admission; No Evidence. Neither this Stipulation nor anything contained in this
9 Stipulation shall be construed as, treated as or characterized as an admission by any Party of any fact
10 or liability or as evidence of any allegation of any Party. Neither this Stipulation nor anything in this
11 Stipulation shall be admissible in any proceeding as evidence of liability or wrongdoing by any of
12 the Parties. This Stipulation may be introduced, however, in any proceeding to enforce the terms of
13 this Stipulation.

14 15. Authority. Each person who signs this Stipulation represents and warrants that he or
15 she has the authority and capacity to act on behalf of the Party for whom he or she is signing and to
16 bind that Party to the terms of this Stipulation.

17 16. Entire Agreement. This Stipulation contains the entire agreement between the Parties
18 and may not be amended or modified except by a writing executed by the Parties or further order of
19 the Court. All prior oral and written agreements, if any, are expressly superseded hereby and are of
20 no further force and effect.

21 WEIL, GOTSHAL & MANGES LLP

22 - and -

23 Dated: October 27, 2010

PACHULSKI STANG ZIEHL & JONES LLP

24
25 By /s/ Dean A. Ziehl
26 Richard M. Pachulski
27 Dean A. Ziehl
28 Attorneys for Lehman ALI, Inc., Lehman
Commercial Paper Inc., Northlake
Holdings LLC and OVC Holdings LLC.

1 Dated: October 27, 2010

WINTHROP COUCHOT
PROFESSIONAL CORPORATION

2
3 By /s/ Paul J. Couchot
4 Paul J. Couchot
5 Peter W. Lianides
6 General Insolvency Counsel for Debtors
and Debtors-in Possession

7 APPROVED AS TO FORM AND SUBSTANCE:

8 Dated: October 27, 2010

IRELL & MANELLA LLP

9
10 By /s/ Alan Friedman
11 Alan Friedman
12 Kerri A. Lyman
13 Attorneys for Official Unsecured
14 Creditors' Committee of Voluntary
15 Debtors

EXHIBIT "A"

Account Holder	Approx. Balance	Account No.	Depository Bank
Acton Estates, LLC	\$0.00	3090345971	California Bank & Trust
North Orange Del Rio LLC	\$379,990.79	3090343681	California Bank & Trust
Palmdale Hills Property LLC (Anaverde Account)	\$2,715,956.52	1000914414	Central Pacific Bank
Palmdale Hills Property LLC - (Bond Interest)	\$397,364.33	3090346941	California Bank & Trust
Palmdale Hills Property LLC (CD)	\$343,000.00	3090003143	California Bank & Trust
SCC Communities LLC	\$3,409.42	3090343411	California Bank & Trust
SunCal Beaumont Heights, LLC	\$11.11	3090340821	California Bank & Trust
SunCal Bickford Ranch LLC	\$1,786,738.79	3090345891	California Bank & Trust
SunCal Emerald Meadows LLC	\$0.00	3090345701	California Bank & Trust
SunCal Johansson Ranch LLC	\$92,090.63	3090341041	California Bank & Trust
SunCal Summit Valley, LLC	\$34,709.14	3090341121	California Bank & Trust
Tesoro SF, LLC	\$71.07	3090343761	California Bank & Trust

Approved 120-Day Voluntary Budget

120-Day Voluntary Budget (8/15/10 through 12/15/10)					
Asset Name	Life Safety	Erosion Control & Maint.	G&A	Taxes	Total
Acton	-	2,000	-	1,000	3,000
Beaumont Heights	-	-	-	-	-
Bickford Ranch	48,000	55,000	43,636	-	146,636
Burnam	-	-	-	800	800
Del Rio	-	6,000	240	-	6,240
Emerald Meadows	1,200	19,336	43,636	-	64,172
Johansen Ranch	-	-	-	-	-
Joshua Ridge II	-	-	-	-	-
Ritter Ranch	6,000	36,400	80,000	4,000	126,400
Summit Valley	-	15,000	600	-	15,600
Total	\$55,200	\$133,736	\$168,112	\$5,800	\$362,848

In re:
PALMDALE HILLS PROPERTY, LLC. AND ITS RELATED DEBTORS,

Debtor(s).

CHAPTER 11

CASE NUMBER 08-17206-ES

NOTE: When using this form to indicate service of a proposed order, **DO NOT** list any person or entity in Category I. Proposed orders do not generate an NEF because only orders that have been entered are placed on the CM/ECF docket.

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:

10100 Santa Monica Blvd., 11th Floor, Los Angeles, CA 90067

A true and correct copy of the foregoing document described as ***STIPULATION PURSUANT TO 11 U.S.C. §§ 362, 363, 364 AND 507: (1) AUTHORIZING THE USE OF ALLEGED UNENCUMBERED CASH; (2) GRANTING ADMINISTRATIVE EXPENSE CLAIMS; AND (3) MODIFYING AUTOMATIC STAY TO THE EXTENT NECESSARY*** will be served or was served (a) on the **judge in chambers** in the form and manner required by LBR 5005-2(d); and (b) in the manner indicated below:

I. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF") – Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s) ("LBR"), the foregoing document will be served by the court via NEF and hyperlink to the document. On November 2, 2010 I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email address(es) indicated below:

☒ Service information continued on attached page

II. SERVED BY U.S. MAIL OR OVERNIGHT MAIL (indicate method for each person or entity served):

On November 2, 2010 I served the following person(s) and/or entity(ies) at the last known address(es) in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States Mail, first class, postage prepaid, and/or with an overnight mail service addressed as follows. *Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.*

JUDGE'S COPY [Overnight Delivery]

The Honorable Erithe A. Smith
United States Bankruptcy Court - Central District of California
Ronald Reagan Federal Building and
United States Courthouse
411 West Fourth Street, Suite 5041
Santa Ana, CA 92701-4593

☐ Service information continued on attached page

III. SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL (indicate method for each person or entity served):

Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on November 2, 2010 I served the following person(s) and/or entity(ies) by personal delivery, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. *Listing the judge here constitutes a declaration that personal delivery on the judge will be completed no later than 24 hours after the document is filed.*

☒ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

November 2, 2010
Date

Melisa DesJardien
Type Name

/s/ Melisa DesJardien
Signature

In re:

PALMDALE HILLS PROPERTY, LLC. AND ITS RELATED DEBTORS,

Debtor(s).

CHAPTER 11

CASE NUMBER 08-17206-ES

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III. SERVED BY E-MAIL

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